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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:

CWNEVADA LLC.

Debtor.

Case No.: 19-BK-12300-MKN

CHAPTER 11

Hearing Date: May 15, 2019

Hearing Time: 10:30 a.m.

**DECLARATION OF BRIAN C. PADGETT IN SUPPORT OF DEBTOR'S OPPOSITION
TO CREDITORS' MOTION TO DISMISS AND ALL JOINDERS THERETO**

I, BRIAN C. PADGETT, declare:

1. I am the Manager of BCP Holding 7, LLC, the Manager of Debtor, CWNEVADA LLC. I have personal knowledge of the facts set forth below and if called as a witness, I could and would competently testify to the truth thereof.

2. I make this Declaration in support of CWNEVADA LLC's ("CWNeVada") Opposition to 4Front Advisors, LLC's Motion to Dismiss Bankruptcy Petition and All Creditors' Joinders thereto.

3. I am a cancer winner ("CW"), or cancer survivor. I founded CWNeVada to provide cannabis to those in need of an alternative and holistic health service. I have worked diligently to find individuals who he thought were like-minded to support his mission to cultivate legal cannabis for a cause.

1 4. CWNevada is a holder of specialized and privileged licenses to cultivate, produce,
2 and distribute cannabis for medical and recreational purposes in Nevada.

3 5. Since its infancy, CWNevada has become a premier cannabis distributor, now
4 supplying medical and recreational marijuana through a number of facilities, including in Nye
5 County and in Clark County, Nevada.

6 6. In addition, CWNevada produces and distributes products containing CBD. In
7 August 2018, the U.S. Food and Drug Administration approved Epidiolex (cannabidiol) [CBD] oral
8 solution for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-
Gastaut syndrome and Dravet syndrome, in patients two years of age and older.¹

9 7. In 2014, CWNevada entered into a contract for consulting services with 4Front. A
10 dispute arose and a lawsuit was filed in Clark County District Court. On March 14, 2019, the
11 arbitration award was reduced to a final judgment in the amount of \$4,987,092.29 in favor of 4Front
12 and against CWNevada. 4Front is an unsecured creditor.

13 8. On April 16, 2019, CWNevada filed its Voluntary Petition for Chapter 11 relief of
14 the Bankruptcy Code. The filing was not made for an improper purpose, but rather to seek federal
15 protection in order to reorganize and restructure CWNevada since it is involved in at least 9 lawsuits.

16 9. No disclosure statement or plan of reorganization has been filed. CWNevada will
17 file its proposed plan and disclosure statement in good faith pursuant to 11 U.S.C. §1121.

18 10. CWNevada has an active and current Workers Compensation and Employers
19 Liability Insurance Policy in effect from Benchmark Insurance Company (the "Policy"). The Policy
20 is in effect from April 26, 2019 through April 26, 2020. A true and correct copy is attached to the
Opposition as Exhibit A.

21 11. CWNevada has an active and current Employee Health Benefits Insurance Plan in
22 effect through Health Plan of Nevada (the "Policy"). The Policy is in effect from April 8, 2019. A
23 true and correct copy is attached to the Opposition as Exhibit B.

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27 ¹ Statement from FDA Commissioner Scott Gottlieb, M.D., on signing of the Agriculture Improvement Act and the
28 agency's regulation of products containing cannabis and cannabis-derived compounds. December 20, 2018.
<https://www.fda.gov/news-events/press-announcements/statement-fda-commissioner-scott-gottlieb-md-signing-agriculture-improvement-act-and-agencys>

12. CWNevada has an active and current Commercial Auto Insurance policy in effect through Progressive Commercial (the "Policy"). The Policy is in effect from April 8, 2019 through August 24, 2019. A true and correct copy is attached to the Opposition as Exhibit C.

13. The Nevada Department of Taxation taxes were paid on April 23, 2019 in the amount of \$81,850. A true and correct copy is attached to the Opposition as Exhibit D.

14. The CWNevada is actively engaged in multiple lawsuits in Clark County District Court and Justice Court. Bankruptcy Court can provide a better economy for each lawsuit and a more efficient administration. Of the current pending litigation matters, each have been assigned to various departments, in various courts. Further, each are at various stages of the litigation process. Not all lawsuits have been answered, some are in discovery phase, some in trial phase and appeal.

15. Additionally, Renaissance one landlord has filed for unlawful detainer in an attempt to evict CWNevada from a commercial lease which is critical to the CWNevada's operations. Bankruptcy Court is necessary to achieve an effective reorganization of the CWNevada with the ability to accept or reject certain contracts and lease agreements. The Justice Court cannot protect CWNevada in the unlawful detainer action. Further, CWNevada has been placed in this financial situation due to a settling party defaulting upon its payment obligations to CWNevada pursuant to a confidential settlement agreement.

16. CWNevada and the creditors have not reached an agreement out-of-court prior to the filing of the Chapter 11 bankruptcy petition. Further, CWNevada and creditors have not reached an agreement after the filing of the petition.

17. The pending receivership matter was recently filed after final judgment was entered in March 14, 2019. It was based upon the collection of the judgment held by 4Front.

18. CWNevada filed this petition for bankruptcy protection so that it may reorganize and restructure, obtain new financing and pay-off all creditors pursuant to its plan of reorganization. The Debtor respectfully request this Court to deny Unsecured Motion to Abstain or Dismiss pursuant to §305(a).


19. CWNevada strongly believes that it can successfully restructure and that there will sufficient assets to pay-off each of its creditors. Thus, CWNevada should be able to propose a plan that has a reasonable possibility of being confirmed.

20. Debtor is in the process of establishing banking relationships at these very same banks that 4Front has established its relationships with.

1 I declare under penalty of perjury under the laws of the United States and the State of
2 Nevada that the foregoing is true and correct.

3 Executed this 7th day of May 2019 in Las Vegas, Nevada.

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5 BCP HOLDING 7, LLC
6 MANAGER OF CWNEVADA LLC

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8 BRIAN C. PADGETT
9 Manager, BCP Holding 7, LLC
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 7th day of May 2019, that I served one (1) copy of the foregoing document titled **DECLARATION OF BRIAN C. PADGETT IN SUPPORT OF DEBTOR'S OPPOSITION TO CREDITORS' MOTION TO DISMISS AND ALL JOINDERS THERETO** was electronically served upon the following parties at the address listed via the U.S. Bankruptcy Court's Electronic File and Serve program (CM/ECF):

JUSTIN L. CARLEY on behalf of Creditor 4FRONT ADVISORS LLC
jcarley@swlaw.com, rlengsavath@swlaw.com; DOCKET_LAS@swlaw.com

CHARLES E. GIANELLONI on behalf of Creditor 4FRONT ADVISORS LLC
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/s/ Dianna Mullis
Employee of Attorney

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